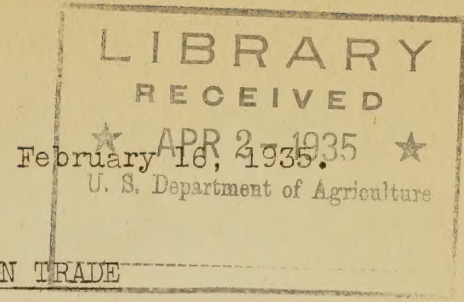


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U.S.D.A. Regional Contact Section



AMERICA MUST CHOOSE HER COURSE IN FOREIGN TRADE

Presenting material to be used as the basis for discussion by community groups.

I. HOW AMERICA'S FARM EXPORT TRADE HAS DEVELOPED

American Farmer's Advantages in Foreign Competition

Exchanging goods with Europe has been an American custom since the founding of the American colonies. Agricultural America grew up by exchanging its raw materials for Europe's finished goods.

American farmers produced not merely for their immediate neighborhood but for the NATION and the WORLD.

As producers for the world market, which once meant primarily the European market, American farmers had two special advantages. They had cheap land, as contrasted with the high-cost land of their European competitors. Again, the prairie states generally were well suited to the use of large-scale-production agricultural machinery, while European wheat fields in general were ill-suited for large-scale implement production. All the way around, the American farmer had a decided advantage in costs of production. Because of their price, therefore, and as factors in the exchange of goods across the Atlantic, American farm products were attractive to European markets.

How American Debts Promoted Farm Exports

The United States was an expanding, debtor, Nation before the World War. In order to develop our resources quickly, the United States had borrowed heavily from Europe throughout the two generations before the war. The money which was brought into this country in the form of such things as rails for the new transcontinental roads was returned to the Old World in the form of the foodstuffs that the railroads carried East. AS A DEBTOR NATION, we paid our debts largely with raw materials which EUROPE, AS A CREDITOR NATION, accepted in return for the money she had lent to us. There was an expanding market for the American farmer until the end of the war. For a long time his market was limited only by the limits of his own productivity. The world market was his for the asking, while at the same time during the early 1900's his domestic market was augmented each year by a million hungry immigrant mouths.

Effects of World War on American Production

The increased needs of European countries arising out of the war enormously stimulated American trade with Europe. The United States sold cereals. The United States sold cotton for uniforms and for explosives.

The United States sold ships, locomotives, tractors. The United States sold tobacco. And the United States sold munitions of war.

For a time, the belligerents paid by cancelling American obligations to them. Later on, they borrowed the necessary funds in this country. In less than 5 years, American war sales not only wiped out America's huge commercial debt, but left Europe owing the United States sums that were far greater than this country's debts to Europe had been.

The World War further stimulated American farm production. Europe's economic needs were increased by military necessities, and pressure upon the American farmer to produce was so increased by our entrance into the War that he put some 40 million acres of his grassland to the plow.

By 1919, consequently, the American agricultural plant was producing much more than was consumed domestically. The fate of the farmer depended largely upon the continued sales of his surplus in the world market, and the prices which those surpluses brought in that market.

How Much of Our Farm Products Have Been Exported?

Before the War, America exported 21 percent of its wheat, 66 percent of its cotton, 39 percent of its tobacco, 1.6 percent of its corn and 12 percent of its hog products. During the war, the acreage harvested was sharply increased, with comparable increases in most exports. For a time after the war, these exports were maintained, but toward the end of the 1920's they fell off. In the 1930-1933 period most of them declined disastrously. In those years, though production had fallen but little from its pre-war figure, America exported 11 percent of its wheat, 58 percent of its cotton, 33 percent of its tobacco, 0.2 percent of its corn and 6 percent of its hog products.

The Record of
America's Chief Agricultural Exports
1910-1933

Product	Year	Acres Harvested	Production	Exports
Wheat	1910-14	48,953,000	728,225,000 bu.	156,409,000 bu.
	1915-19	58,151,000	834,462,000	218,839,000
	1920-24	59,540,000	821,693,000	259,492,000
	1925-29	58,286,000	822,512,000	170,077,000
	1930-33	56,122,000	773,500,000	86,371,000
	1933	47,518,000	528,000,000	37,002,000
Cotton	1910-14	33,960,000	14,254,000 bales	9,300,000 bales
	1915-19	32,642,000	11,467,000	5,704,000
	1920-24	33,900,000	10,980,000	6,277,000
	1925-29	42,606,000	15,268,000	8,575,000
	1930-33	36,810,000	14,302,000	8,243,000
	1933	30,144,000	13,177,000	9,047,000
Tobacco	1910-14	1,208,940	991,958,000 lbs.	390,413,000 lbs.
	1915-19	1,581,340	1,269,614,000	484,278,000
	1920-24	1,689,563	1,306,191,000	490,522,000
	1925-29	1,757,400	1,357,424,000	541,949,000
	1930-33	1,827,350	1,415,605,000	473,999,000
	1933	1,778,000	1,385,000,000	472,632,000
Corn	1910-14	105,240,000	2,732,457,000 bu.	43,917,000 bu.
	1915-19	106,167,000	2,761,632,000	39,094,000
	1920-24	101,280,000	2,775,943,000	75,984,000
	1925-29	99,456,000	2,671,069,000	23,233,000
	1930-33	104,524,000	2,476,164,000	5,256,000
	1933	102,397,000	2,344,000,000	4,965,000

Since corn production is directly related to hog production, the following figures on hogs should be read with the corn figures:

Year	Number in U. S.	Production of Pork and Lard	Exports
1910-14	53,140,000	7,975,000,000 lbs.	941,400,000 lbs.
1915-19	59,680,000	8,077,000,000	1,832,200,000
1920-24	62,965,000	9,652,400,000	1,703,200,000
1925-29	56,777,000	11,335,000,000	1,136,856,000
1930-33(Est.)	57,502,000	11,739,000,000	810,500,000
1933 (Est.)	61,320,000	11,989,000,000	724,000,000

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II. DECLINE IN FOREIGN TRADE, AND ITS CAUSES

At the close of the War, when this country became a creditor nation, it had to choose between two courses. It could let in the goods necessary to pay the debts owed to this country. That meant dropping the tariff. Or it could loan money to increase foreign debts still further, and leave the problem of collections to the future. America made the loans.

What Change from Debtor to Creditor Nation Meant

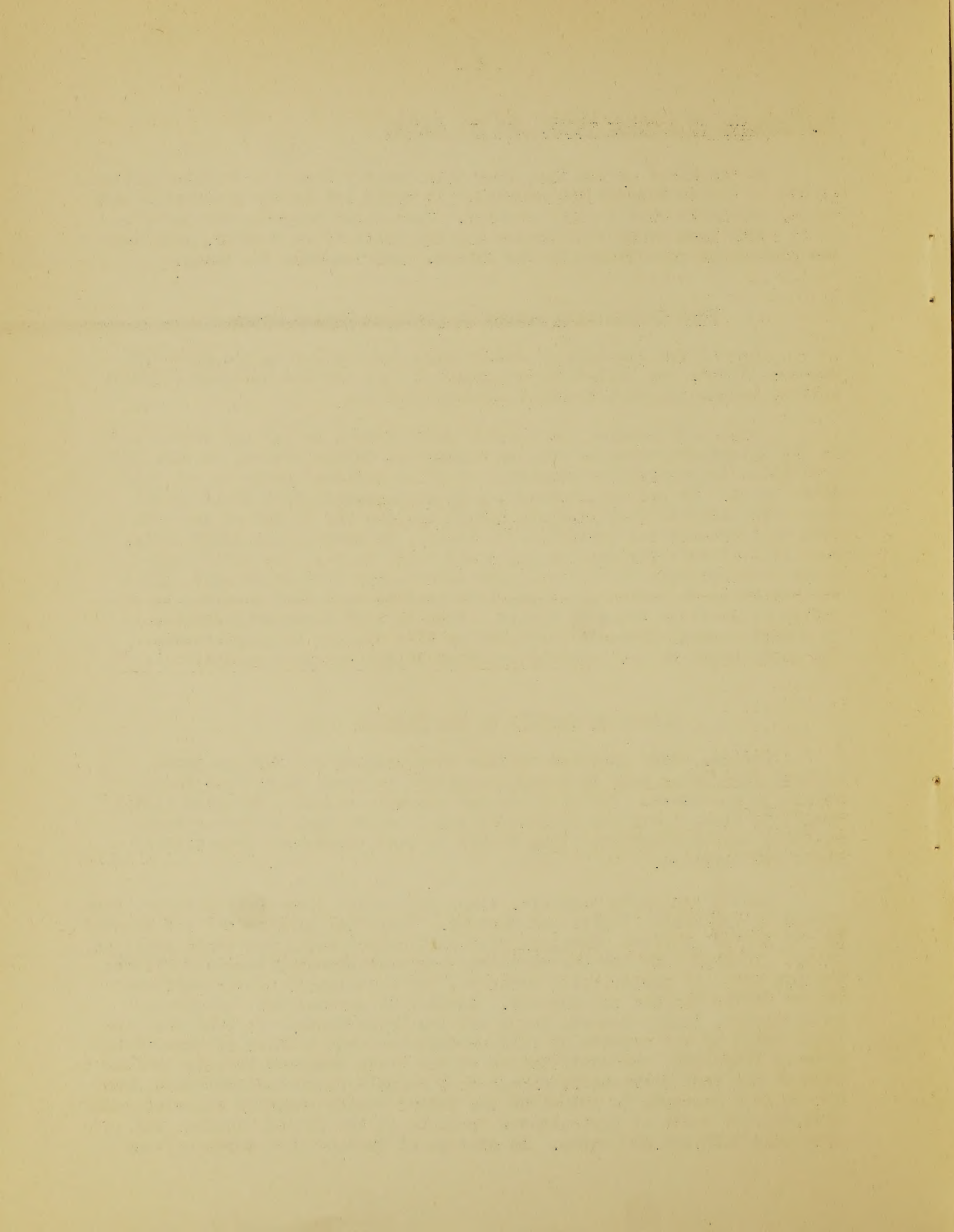
Reasons for the Loss of Our Foreign Markets During the Post-War Decade: First, the United States, which before the War had been a debtor nation, became the world's chief creditor nation.

Instead of sending our surplus goods abroad to pay our debts, as we had always done when we were an expanding, debtor nation, we were in a position to receive the surpluses of other nations' goods to pay their debts to us. We did not, however, make arrangements that would permit this. We insisted that European debtor nations pay us but at the same time we increased our tariffs. The tariff, by keeping out their goods, made it difficult for them to pay their debts to us. The tariff and debts combined made it difficult for them to buy from us at all. After the war European purchases of American produce were made possible by a series of American loans to Europe. When in 1928 these American loans to Europe ceased, European purchases in this country largely ceased. The goods which we had formerly exported to her remained unsold.

Effect of Tariffs on Our Foreign Trade

Second, while American tariffs were walling out foreign goods efforts were being made by European nations to close their foodstuffs market to outsiders. For military and economic reasons, European states sought to raise their own foodstuffs and in other ways to become economically self-sufficient. They wished to feed themselves from within their own barriers.

Tariff and quota barriers, along with other trade restrictions, were pushed up by France, Italy, and Germany. "Imperial preference" was adopted by the British Empire. European self-sufficiency meant decreased American sales. In 1922-1926 the United States exported annually nearly 2 billion dollars worth of agricultural products. Of this total, nearly half went to the United Kingdom and Germany. Another 30 percent was distributed among France, Italy, Canada, Japan and the Netherlands. In 1933 when the total value of our exports of farm products was but a third of what it had been in 1922-1926, the distribution of the trade remained broadly similar to what it had been previously, except that Japan's share had increased from 6.0 to 13.1 percent. In 1922-1926 the United States annually exported some \$597,000,000 worth of agricultural products to the United Kingdom, but in 1933 only \$192,000,000 worth. An average of \$288,000,000 worth of such



goods went to Germany annually between 1923-1926. In 1933 the amount had fallen to \$103,000,000.

Effect of Increased Farm Competition Abroad

Third, in such world markets as remained, the American farmer was meeting competition from producers whose costs stood in the same relation to his as his had stood to those of European producers two generations before. In Canada, Australasia and the Argentine, the war market had brought into full production areas that were as well adapted to large-scale machinery production as is the Mississippi area, and which their owners acquired as cheaply. These new producers were able to undersell American farmers for exactly the same reason that Americans had once been able to undersell Europeans: during the war American land had become high-cost land. The average mortgage debt per acre in 1920 was 235 percent of what it had been in 1910.

Crop Acreage in the United States and Competing Countries

(In millions of acres, i.e., 000,000 omitted)

Year	United States <u>1/</u>	Europe, including Russia <u>2/</u>	Canada, Argentina, Australia <u>3/</u>
1909-13.....	290	532	99
1920.....	321	450	125
1925.....	321	503	125
1930.....	327	553	151
1932.....	320	584	140

1/ 13 Crops.

2/ Europe, 7 crops; Russia, all crops.

3/ Canada, field crops; Australia, all crops; Argentina, grains and alfalfa.

As a result of the World War, Europe's acreage in certain crops was 82,000,000 less in 1920 than in the pre-war years. Partly to meet this deficit, the acreage in 13 crops in the United States was increased 31,000,000. The aggregate acreage of Canada, Argentina, and Australia was increased 26,000,000.

In the United States there has been little change in acreage since 1920. Europe's acreage has been restored and in 1932 exceeded the pre-war acreage by 10 percent. Acreage in Canada, Argentina, and Australia in 1932 was 15,000,000 greater than in 1920 and 41,000,000 greater than in 1909-1913.

Since 1918 the restoration of European production has been rapid and, together with expansion in other countries has brought the volume of crop output outside the United States to about 40 percent above the pre-war level, and in line with the trend of former periods. This increase in foreign competition has reduced the volume of farm exports from the United States, particularly in wheat and tobacco.

Production Up, Exports Off,
What Happened?

The products which could be stored, like cotton and wheat, were put in warehouses.

The world carryover of American cotton in 1932 was 13,000,000 bales, as much as a whole year's average crop for this country. This was about two and a half times the normal carryover.

The U. S. wheat carryover in 1933 was more than 390,000,000 bushels, as much as half a year's average crop. This was about three times the normal carryover.

The products which could not be stored, like hogs, were marked at ruinous prices.

Hog prices, farm value per head on January 1, averaged \$14.42 for the years 1925-1929. In 1933 the price was \$4.21. The accumulated surpluses of products which could be stored, and the declines in value of products which had to be marked regardless of price, show the extent to which the number of acres in production in the United States at the beginning of 1933 exceeded the domestic demand for their produce.

The first part of the paper is devoted to a general discussion of the problem of the origin of life. It is shown that the problem is one of the most important and most difficult in the history of science. The author discusses the various theories of the origin of life, and shows that the most plausible is the theory of spontaneous generation. This theory is based on the fact that the conditions of the early earth were such that the formation of organic molecules was a natural consequence of the laws of chemistry. The author then discusses the question of the origin of the first living organisms, and shows that the most plausible theory is that of the origin of life from non-living matter. This theory is based on the fact that the conditions of the early earth were such that the formation of the first living organisms was a natural consequence of the laws of chemistry.

The second part of the paper is devoted to a detailed discussion of the theory of spontaneous generation. The author shows that this theory is based on the fact that the conditions of the early earth were such that the formation of organic molecules was a natural consequence of the laws of chemistry. The author then discusses the question of the origin of the first living organisms, and shows that the most plausible theory is that of the origin of life from non-living matter. This theory is based on the fact that the conditions of the early earth were such that the formation of the first living organisms was a natural consequence of the laws of chemistry.

The third part of the paper is devoted to a detailed discussion of the theory of the origin of life from non-living matter. The author shows that this theory is based on the fact that the conditions of the early earth were such that the formation of the first living organisms was a natural consequence of the laws of chemistry. The author then discusses the question of the origin of the first living organisms, and shows that the most plausible theory is that of the origin of life from non-living matter. This theory is based on the fact that the conditions of the early earth were such that the formation of the first living organisms was a natural consequence of the laws of chemistry.

How Much Did We Export 1909-1933?

Year <u>1/</u>	Gross Income from Farm Production	Approximate Farm Value of Exports	Ratio of Exports to Production
	Million dollars	Million dollars	Percent
1909	6,238	652	10.5
1910	6,643	890	13.4
1911	6,372	901	14.1
1912	6,784	962	14.2
1913	6,975	1,016	14.6
1914	7,028	723	10.3
1915	7,595	1,129	15.3
1916	8,914	1,488	16.7
1917	12,832	1,725	13.4
1918	15,101	2,771	18.3
1919	16,935	3,269	19.3
1920	13,566	1,960	14.4
1921	8,927	1,494	16.7
1922	9,944	1,403	14.1
1923	11,041	1,521	13.8
1924	11,337	1,792	15.8
1925	11,968	1,462	12.2
1926	11,480	1,490	13.0
1927	11,616	1,539	13.2
1928	11,741	1,445	12.3
1929	11,941	1,240	10.4
1930	9,454	756	8.0
1931	6,968	489	7.0
1932	5,331	441	8.5
1933	<u>2/</u> 6,256	617	9.9

Division of Statistical and Historical Research, Bureau of Agricultural Economics. Compiled from reports of the Bureau of Foreign and Domestic Commerce and records of the Division of Crop and Livestock Estimates.

1/ Crop year for crops; calendar year for livestock and livestock products.

2/ Preliminary. Estimate for 1933 includes \$271,000,000 income from rental and benefit payments.

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What Chance Do We Have to Increase Pork Exports?

The United States has normally been the largest exporter of lard to the German market, selling 126,000,000 pounds of lard in Germany in 1933. On March 1, 1934, Germany limited monthly lard imports to 40 percent of the average for the corresponding months of the years 1931 to 1933. This legislation limited American imports to Germany for 1934 to a possible maximum of 65,000,000 pounds. Germany also placed the import duty at 100 marks per 100 kilograms (18.20 cents per pound at current rates of exchange.) On October 22, 1934, the duty was reduced to 40 marks, at which time a sliding scale of fees was adopted calculated to hold the retail price of all lard close to 1.80 marks per kilogram.

The foregoing official acts affecting lard would in themselves have been sufficient to reduce materially the volume of American lard exports to Germany. Since July 1, 1934, however, the German system of foreign exchange control has effectively prevented the utilization by the United States of its nominal quota allotments. Under the exchange control system, governmental restrictions have prevented the allocation of the funds necessary to pay for exports of American lard. This is part of the current policy of confining as much import business as possible to those countries with which Germany has special trade or clearing agreements not involving the use of foreign exchange.

Excessive imports into Great Britain from practically all pork exporting countries in 1932 resulted in the application of a system of import quotas. The general plan is to maintain total supplies of pork in Great Britain at a specified level with the permitted imports being progressively reduced as domestic production increases. Up to March 29, 1934, the United States was allowed to supply 6.3 per cent of the cured pork received from countries outside the British Empire. Most of the non-Empire pork exporting countries have been brought under the quota. Since March 29, 1934, the United States has been allotted 8.1 per cent of the quota total. The American situation during the first quota year was somewhat better than during the period of unregulated competition existing in 1931 and 1932. During the first quota year, however, the quantities exported from the United States to Great Britain represented material reductions from the exports of the 1920's, as indicated by the following figures:

American Exports to Great Britain
Years ended June 30

1924-25 to 1928-29		1931-32	1932-33 first quota year
Bacon.....	81,445,000 lbs.	10,403,000 lbs.	3,902,000 lbs.
Ham.....	152,131,000 lbs.	58,126,000 lbs.	61,647,000 lbs.

During 1934 and the first part of 1935, the total amount of cured pork allowed entry into Great Britain under the quota system was reduced further. The United States is still allowed 8.1 of the total quota imports but the absolute quantity involved has a downward tendency.

The obstacles to recovery of America's foreign markets for lard and pork are serious, though possibly less serious than in the case of wheat. Feeding and packinghouse practices give the United States an advantage over most other countries in the production of lard. Most European countries are practically able to meet their own requirements in pork, but a deficiency in lard continues, especially in those countries normally regarded as deficient in all pork supplies, particularly Germany. In cured pork, ham is now the leading item of the United States export trade, with the United Kingdom as the chief foreign market. It appears that this market will continue to require a certain amount of American ham. So far, the policy favoring British pork producers does not indicate that that country is approaching independence of imported pork products with any degree of rapidity.

There is some reason to believe that trade agreements negotiations hold some hope of expanding European markets for American pork and lard, particularly on the continent. The situation is especially favorable in the case of lard. The increased movement of American lard to Cuba following the trade agreement with that country is an example of results secured from reduced import duties. Cuba represents a rather special case, with the market entirely dependent upon the United States for pork products. The lines along which the European hog industry is organized give some reason to believe that there is still a place for the American products, especially lard and ham.

Why It Will Be Difficult To Increase Exports

Several factors suggest that foreign trade may not soon return to the level of the 1920's:

1. The making of reciprocal agreements is bound, by its very nature, to be a slow process.
2. A considerable proportion of American sales during the 1920's was the result of injudicious American lending rather than of sound purchasing power among America's customers.
3. Increased productive capacity in many parts of the world has increased the competition for world markets and has cut the available markets for exports by supplying, from local sources, needs formerly satisfied from abroad. This is true of agricultural as well as industrial products. In recent years a great deal of attention has been paid to the spread of mass production from the countries which first experienced the industrial revolution to far-away lands in every corner of the earth, thereby rendering exchange of goods less necessary. In a more modest fashion the same thing has been going on with regard to agricultural commodities. The soybean of North China is a familiar sight on American farms; American tobacco is increasingly important as a crop near Peking, in Greece, South Africa, and even Italy. But there is difference of opinion as to how many of the "infant industries" in the various countries are really economically justified and could continue to exist without tariff protection.

III. CAN WE REGAIN OUR FOREIGN TRADE?

Why We Can't Consume All Our Products At Home

The United States cannot use all of the output of its farms and factories at home because the productive capacity of its national equipment, both agricultural and industrial, was developed to supply needs larger than its domestic needs for some products, and smaller than its domestic needs for others. That is to say, America's economic system was developed with a view to world exchange. A general rise in American standards of living, following a wide distribution of purchasing power, would provide for the absorption of many commodities which appear as surpluses today. But such a use involves changes in social and economic habits. These changes can take place in an orderly fashion only if made over a considerable period of time. And in the case of certain agricultural products, American domestic production, until the inauguration of the AAA programs, has been greater than the amount of those products which would be required.

What Will Be Required to Sell More Abroad?

If Americans want to dispose of their goods abroad: They can sell them - that is to say - they can trade their goods for other peoples' goods. Or they can give them away, either directly or by giving other people the purchasing power to buy them.

But they cannot lend other people the purchasing power to buy their own goods, expect them to repay the loans, and then refuse to let them send their goods in payments for their debts and America's exports. The recent attempt to follow this last course has been a decisive factor in curtailing America's export trade.

The restoration of this country's former trade would require an excess of imports over the present volume of exports, to the value of about half a billion dollars annually, if foreign nations were to earn the purchasing power necessary to pay their debts and to make current purchases of the commodities America has been producing for export. It might be practicable to allow an increase of imports to the value of some 200 million dollars more than present imports.

If Tariffs Are Lowered Will Wage Earners Suffer?

Only a small part of the wage earners in this country have their employment protected by the tariff. Census data show that there were nearly 50 million "gainfully employed" workers in 1929. More than half of these were employed in non-manufacturing industries, such as internal transportation, gas and electricity, banking and insurance, building, public service and others, with which imports do not and can not compete. Of the remaining half, a considerable number were employed in industries with profitable outlets through export markets. Another important group was employed in industries which could not substantially be affected by imports. These include various purely domestic industries such as most printing and publishing; industries

producing bulky materials which are largely protected against foreign countries by high freight costs; and industries using methods of mass production in which foreign competition would not undersell the efficient American producer.

It is estimated that not more than 1 American wage-earner in 6 is competing directly with a foreign wage-earner. In making tariff adjustments the problem of what is to become of the workers whose employment depends to some extent on tariff protection must obviously be carefully considered. Some industries might contract their production if tariff reductions permitted an increase in international trade, but others would expand under the new opportunities, and there would be jobs in those industries.

What Chance Do We Have to Increase Wheat Exports?

In 1920 domestic wheat exports from this country reached a high mark of approximately 370 million bushels. During the 10 years from 1919 to 1929, American domestic exports were never less than 159 million bushels except in 1925 when a short crop caused the exportable surplus to be cut into for domestic use. The average for the 10 years was about 221 million bushels.

From July, 1933, through March, 1934, only about 13,380,000 bushels of wheat were exported, and almost 13,153,000 of them came from the Washington-Oregon customs area. There the North Pacific Emergency Export Association was relieving the domestic surplus by buying wheat at domestic prices and selling at world prices, with the government making up a difference of some 26¢ a bushel. The bushels exported by the Association, moreover, included 6,463,000 bushels shipped to China and paid for with money borrowed from the Reconstruction Finance Corporation by the Chinese Government.

In the last 10 years, particularly between 1928 and 1931, Germany, France, Italy and Great Britain, all among this country's former best customers, raised their duties on the importation of wheat.

In spite of the fact that there are important recent tariff restrictions against American wheat, the prospects of increasing exports through tariff negotiations are less hopeful than in the case of other products. The protection afforded foreign wheat growers by recent tariffs has in a number of cases stimulated their production to such an extent that their market is largely supplied from that source. Where such nations still need to draw on foreign supplies, moreover, the competitive advantages of new wheat areas on low cost land in other parts of the world decrease the chances of American sales. The International Wheat Agreement, however, may lead to decreased production in Western Europe and some increases in the market there for American wheat.

IV. WHAT WE FACE IF WE CHOOSE TO BECOME A SELF-SUSTAINING NATION WITH NO FOREIGN TRADE

What Would Be the Effect of Readjusting American Economic Life to a Program of Complete Self-Sufficiency?

The American economic system would have to be rebuilt, and the rebuilding would involve drastic readjustment. A system of self-sufficiency might have advantages once it were going, but it would entail serious costs while the fundamental changes required to inaugurate it were being made. Building up a new productive capacity to supply needs that America now satisfies from foreign sources would take time. Arranging for domestic consumption of American products now sold abroad would also take time, and in some cases it would be impossible to consume all of them. Disappearance of the export market would meanwhile make itself felt.

For example, wheat farmers who used to sell about a quarter of their crop abroad but whose exports have gradually dwindled to around 5 per cent cannot buy their accustomed numbers of combines, threshing machines, and other farm machinery. Unemployment in the factories where farm implements are made is the inevitable result; loss of the farmers' foreign markets means loss of the farm-machinery industry's domestic market, and that, in turn, cuts the farmers' domestic market down. (Under a system of complete self-sufficiency the farm-implement makers would be doubly hit, for they would lose both their large foreign market -- they sold over \$140,000,000 worth of goods abroad in 1929 -- and that part of their home market which depends on the farmers' receipts from their exports.) Among the city unemployed at the beginning of 1933 were large numbers of former employees of the farm-implement industry. In 1929 the wages of these men and women were sufficient to allow them to eat the adequate diet at moderate cost which, if eaten by all people in the United States, would provide a market for the produce of 280 million acres of average farm land. But in 1932 the great majority of them were reduced to the restricted diet for emergency use, which, if it became general, would cut the farmers' available home market to the produce of 162 million average acres.

How Would Complete Nationalism Affect Farming?

The agricultural adjustment programs of 1933-1934 eliminated the production of surplus crops on some 36 million acres as an emergency measure, yet in 1934 the country still exported \$696,000,000 worth of its principal agricultural products. Should the prevailing market situation grow worse, or should the Nation decide on complete self-sufficiency, a permanent and still more extensive retirement policy for those crops would be necessary.

Take some concrete examples. In 1933, the United States exported 9,047,000 bales of cotton. They represented the produce of about 27,000,000 acres. The year's wheat exports represented the produce of some 3,000,000 acres; the corn exports, some 200-250,000 acres; the tobacco exports, some 600,000 acres. Had the country been on a self-sufficient basis those acres as well as the 36,000,000, would have had to be kept out of cultivation or disastrous breaks in domestic prices would have occurred.

If the United States became nationally self-sufficient, farming for solely domestic uses would differ in two ways from the present system of farming for a combination of National and world exchange. Under a system of self-sufficiency the number of acres required for the type of crops which the American farmer is used to raising would be sharply diminished. On the other hand, the American farmer would be called upon to attempt to raise some crops with which he has had no experience.

Sugar and minor food products would require 2 to 4 million acres. It is difficult to estimate the acres necessary for the cultivation of tropical crops in a country lying almost entirely in the temperate zone, with only a small sub-tropical fringe. The problem is not only a problem of how (and whether) tropical products could be grown, but also a problem of what market would exist for them in this country at the prices which would be necessary to cover cost of their production here.

V. WHAT COURSE SHALL WE CHOOSE?

1. The possible choices: "We can go nationalistic, and become highly self-sustaining; or we can go internationalistic and try to win back our lost foreign trade; or we can take a course perhaps half-way between."

2. What each course involves: "The nationalistic course . . . would lead us toward ultimate self-containment, but it would do so at a cost heavy in terms of economic sacrifice and perhaps extreme regimentation; a cost which, in agriculture alone, would mean the abandonment of about 40 million acres of good crop land."

"The internationalistic course, on the other hand, might not involve any acreage reduction, but would obligate us to import annually at least \$500,000,000 more of goods than we now import. This is the only way foreign countries can pay interest on their debts to us and at the same time make current purchases of goods and services on a pre-depression scale."

"Between these extremes, however, there is a third alternative", which Secretary Wallace has called the "planned middle course." "This would involve the admission annually of perhaps \$200,000,000 more of goods than we now import and at the same time permanent seeding down or reforestation of some 25 million acres of good plow land, or perhaps 50 million acres of poor land."

A Planned Middle Course is Possible

"The planned middle course I propose as a basis for present discussion is one precisely halfway between these two extremes; a line of march along which we would lower tariffs enough to bring in another half-billion dollars worth of goods annually, and permanently retract of our good agricultural land some 25 million acres."

"To depict the pain this course would cause industry on the one hand, and agriculture on the other, would be but to restate in less demanding terms, facts and speculations developed in previous sections of this pamphlet in respect to the price of unmodified drive for world markets, on the other. The fact that agriculture would suffer far the more under isolation, and that industry would bear the brunt of changes necessary to widespread renewal of world trade, may here, however, be briefly reiterated; for here is a fact suggesting that a planned middle course is the fairest and wisest for all concerned."

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DISCUSSION OUTLINE FOR "AMERICA MUST CHOOSE HER
COURSE IN FOREIGN TRADE".

(Five speakers and a leader are needed to develop these discussions, each speaker especially preparing himself on one of the five main topics outlined in the factual material. To assist in this preparation the following questions have been prepared on each topic. Answers will be found in the factual material itself but if possible the speakers should look up additional references which are given at the end of the discussion material).

I. HOW AMERICA'S FARM EXPORT TRADE HAS DEVELOPED

1. How and why did American farm exports develop?
2. What two special advantages did American farmers have in competing with farmers in Europe?
3. What effect did the American debts to Europe have on farm production in America?
4. What effect did immigration have on farm development in America?
5. How did the World War stimulate farm production in America?
6. How did the European countries finance the purchase of goods in America during the war?
7. How much new land was put into cultivation in America as a result of the war?
8. Why was the American farmer more dependent than ever on the world market to absorb his surpluses at the end of the war?
9. What proportion of the American farmer's wheat, corn, tobacco, cotton, and hog products were exported before the war?
10. What proportion of his products were exported in the period 1930-1933?

II. DECLINE IN FOREIGN TRADE AND ITS CAUSES

1. What two courses were open to America in regard to its foreign trade at the end of the war?
2. Why was it difficult for Europe to buy from us after the war?
3. What device did America use to maintain exports from the close of the war until 1928?
4. Why did European nations raise tariff walls against our goods during the 1920's?
5. Who were our best customers for farm goods in the 1920's?
6. What large agricultural countries notably increased production after the war?
7. Why was it difficult for American farmers to compete with these countries?
8. Did America reduce her acreage after the war?
9. Is agricultural production outside of the U. S. higher or lower than it was before the war, and how much?
10. When exports declined, what happened to supply and price of America's principal farm export commodities?
11. Do you find any relationship between the total income of the American farmer and the value of farm export trade?

III. CAN WE REGAIN OUR FOREIGN TRADE?

1. Why can't Americans consume all they produce at home?
2. If Americans want to sell more farm products abroad, what must they do?
3. Why is foreign lending to finance increased exports poor public policy?
4. If we recapture all of our export trade how much more goods shall we have to accept as imports from foreign countries?
5. How much more can we buy from foreign countries than at present without seriously disturbing American business?
6. Is it true that the tariff protects most American wage earners?
7. Why must tariff adjustments be made cautiously?
8. What chance do you think we have to increase our wheat exports?
9. How have Germany and the United Kingdom restricted purchases of American pork and lard?
10. What chance do you think we have to increase our exports of pork and lard?
11. Why will it be difficult to increase exports?

IV. WHAT WE FACE IF WE CHOOSE TO BECOME A SELF-SUSTAINING
NATION WITH NO FOREIGN TRADE

1. If we try to live completely at home without depending on our foreign markets, what readjustments will we have to make?
2. Why will it take time to make these readjustments?
3. Do you think we can make such readjustments without suffering on the part of many groups of people?
4. Would not the readjustments forced since 1930 as a result of the loss of our wheat exports be typical of other readjustments which would have to be made if we would surrender all of our export markets? Describe the far-reaching effects on farmer, manufacturer and laborer occasioned by the loss of our wheat exports since 1930.
5. Why would farmers have to restrict acreage still more drastically than they have under the adjustment programs if America became completely self-sustaining?
6. Without foreign markets for wheat, cotton, tobacco, and pork products can farm prices be maintained at satisfactory levels unless acreage is reduced?
7. What two big changes would be forced upon the American farmer if America chooses to produce all of its needs at home and to buy nothing from abroad?

V. WHAT COURSE SHALL WE CHOOSE?

1. What are the three courses open to America in regard to its international trade?
2. What is meant by a "planned middle course"?
3. About how would a "planned middle course" affect agriculture?
4. Summarize the advantages and disadvantages of the internationalistic course.
5. Summarize the advantages and disadvantages of the nationalistic course.
6. Summarize the advantages and disadvantages of a "planned middle course".
7. Is any course possible which will not entail some painful readjustment and sacrifices?

"I should like to see the campaign for a middle-ground policy conducted as a campaign of reason, with millions of personal contacts and arguments, man to man. The opposition will be bitter and powerful; but I am convinced that the time has come for the great body of Americans to formulate a long-time trading program for this country which they are willing to stand behind, no matter how plausible the appeals of special pleaders.

"What I have tried to show is that there are sound arguments on both sides of this question. The nationalist rests his case on the idea that we cannot expect any longer to trade with the world as we used to. He does not expect an adequate natural revival of foreign demand, and believes it would be folly for us to stimulate the demand artificially by loans.

"The internationalist position, on the other hand, is less pessimistic about natural foreign trade prospects. The internationalist does not regard loans as the only means of brightening those prospects and enlarging them. He holds that there is no possible way of making loans eventually secure unless we become import-minded. He would rather trust to tariff concessions and other means of developing trade reciprocally. He considers the pains of this course to be less than those of a nationalist program.

"I lean to the international solution. But it is no open and shut question. It needs study, and above all dispassionate discussion. Unfortunately, those arguments which appeal to fear, to suspicion of neighbor nations, to narrow self-interest, and to ingrained hatred of change are the arguments which will be most loudly invoked. I want to see the whole question examined by our people in a new spirit."

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5. The Open Door At Home, by Chas. A. Beard, Price \$3.00
6. Corn-Hog Adjustment - C. H. 113 - A Handbook For Use in the Corn-Hog Adjustment Program, - AAA, Washington, D. C.

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8. The Interest of Agriculture in Reciprocal Trade Agreements, by Mordecai Ezekiel, AAA, Washington, D. C.
9. The Primer-, G-20, AAA, Washington, D. C.
10. A Charted Course Toward Stable Prosperity - G-23, AAA Washington, D. C.
11. Agriculture and Foreign Trade, G-16, AAA, Washington, D. C.

* "America Must Choose" is obtainable from the Foreign Policy Association, 8 West 40th St., New York, N.Y. A letter from this Association states,

"We have arranged a special price of 7¢ per copy on the Wallace booklet for all Governmental agencies and groups.

Ernest R. Bryan, Secretary
America Must Choose Department"

